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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
CAROLINA ESTATES**

This Declaration of Covenants, Conditions and Restrictions for Carolina Estates is made this 26th day of July, 2000, by Carolina Estates of Bluffton, LLC, its successors and assigns (collectively the "Declarant").

WHEREAS, Declarant is the owner of that certain tract of land located in Beaufort County, South Carolina, and being more particularly described on the attached EXHIBIT "A" (the "Property"), and the Declarant desires to subject the Property to provisions of this Declaration.

WHEREAS, it is the intent of the Declarant to construct and develop a single-family residential subdivision within the Property, and it is the further intent of the Declarant to provide for a method of administration and maintenance of the Property; and

WHEREAS, as provided in Article Wherein, the Declarant has retained and reserved the right to submit to the provision of this Declaration any and all portions of the real property being more particularly described on the attached Exhibit "B";

NOW, THEREFORE, for the purpose of enhancing and protecting the value, attractiveness and desirability of the Property, the Declarant hereby declares that the Property and each part thereof shall be held, sold, devised and conveyed subject to the following easements, covenants, conditions and restrictions which shall constitute covenants running with the land and shall be binding on all parties having any right, title or interest in said Property or any part thereof, the heirs, executors, administrators, successors and assigns and shall inure to the benefit of each Owner (as defined herein) thereof.

ARTICLE I
DEFINITIONS

The following words and terms when used in this Declaration shall have the following meaning:

1. **"Additional Property"** shall mean and refer to the real property described on Exhibit "B" and all improvements thereon.
2. **"Association"** shall mean and refer to Carolina Estates Homeowners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.
3. **"Board of Directors"** shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

4. "By-Laws" shall mean and refer to the By-Laws of the Association, as the same are amended from time to time.
5. "Common Expenses" shall mean and refer to all expenditures lawfully made or incurred by or behalf of the Association, together with all taxes lawfully assessed for the creation of maintenance of reserves, pursuant to the provisions of this Declaration.
6. "Common Property" shall mean and refer to all real and personal property now or hereafter owned by the Association or held by the Declarant on behalf of the Association for the common use and enjoyment of the Owners. The Common Property may include and shall not be limited to the road and road right-of-ways, marsh areas, wetlands, open spaces (landscaped and natural), drainage ditches and pipelines, Development entry areas, maintenance areas, [walkways], and such other common areas such as may be designed by the Declarant within the Property, together with such improvements thereon as may be necessary for the maintenance and upkeep of such areas.
7. "Declarant" shall mean and refer to Carolina Estates of Bluffton, LLC, its successors and assigns.
8. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Carolina Estates and all amendments and supplements thereto filed of record in the Office of the Register of Deeds for Beaufort County, South Carolina.
9. "Development" with an initial capital letter shall mean and refer to the Property and all improvements located or constructed thereon and any property annexed thereto.
10. "Dwelling" shall mean and refer to any improved Lots intended for use as single family detached dwellings located within the Property.
11. "Carolina Estates" shall mean that certain planned unit development located in Beaufort County, South Carolina, containing approximately _____ acres of land and which contains the Property.
12. "Carolina Estates Homeowners Association" shall mean the Carolina Estates Homeowners Association, Inc.
13. "Lot" shall mean and refer to any unimproved portion of the Property upon which it is intended that dwellings may be constructed, as such Lots are shown on subdivision plats. A parcel of land shall be deemed unimproved and thus considered to be a Lot, rather than a Dwelling, until the improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such Lot and the improvement thereon shall collectively be considered to be a Dwelling for the purpose of this Declaration.

14. "Member" shall mean and refer to each of those persons or entities entitled to membership in the Association, as provided in Article IV hereof.

15. "Mortgage", with an initial capital letter shall mean and refer to a mortgage, security deed, deed of trust, installment land sales contract, or other similar security instrument granting, creating or conveying a lien upon a security in a Lot or Dwelling.

16. "Mortgagee" with an initial capital letter shall mean and refer to the holder of a Mortgage.

17. "Occupant" shall mean or refer to any person, including, without limitation, any Owner or any guest, invitee, lessee, tenant or family member of an Owner occupying or otherwise utilizing a Dwelling within the Property.

18. "Owner" shall mean and refer to the title holder as shown on the records in the Office of the Register of Deeds for Beaufort County, South Carolina, whether it be one or more persons, firms, associations, corporations or other legal entities, of fee simple title to any Lot or Dwelling whether improved or unimproved. Owner shall not include those holding title merely as security for performance of an obligation. In the event that there is recorded in the Office of Register of Deeds for Beaufort County, South Carolina a long-term contract of sale covering any Lot or Dwelling, the Owner of such Lot or Dwelling shall be the purchaser under said contract for so long as the contract remains in force and effect and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the Property for a period extending beyond nine (9) months from the date of the contract and where the purchaser does not receive title to the Property until such payments are made although the purchaser is given use of said Property.

19. "Property" shall mean that certain tract of land located in Beaufort County, South Carolina, and being more particularly shown on the attached Exhibit "A" and all annexations thereto.

20. "Subdivision Plat" shall mean and refer to any subdivision plat of the Property which has been drawn and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina by the Declarant or its successors and assigns which depicts and delineates Lots or Dwellings and Common Property within the Property.

ARTICLE II
NAME

The Property hereinabove and hereinafter described, and any additions thereto under the terms and provisions of this Declaration shall hereafter be known as "Carolina Estates".

ARTICLE III
PROPERTY DESCRIPTION

Section 1. Existing Property. The Property which initially is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to this Declaration is located in Beaufort County, South Carolina, and is more particularly described on Exhibit "A" attached hereto and made a part hereof by reference.

Declarant intends to develop the Property with annexations thereto, if any, as a residential community. Declarant reserves the right to review and modify the plan of development at its sole option, from time to time, based upon its continuing research and design program. This plan of development shall not bind Declarant or its successors or assigns to adhere to it in the development of the land shown thereon. Properties conveyed to the Association, shall become Common Property, as the case may be, in accordance with their designation in the deed of conveyance from Declarant. Declarant shall not be required to follow any predetermined sequence or order of improvements and development; and it may bring within the plan of this Declaration additional lands, and develop the same before completing the development of the Property. Other than as stated in this Section, Declarant shall have full power to add to, subtract from, or make changes in the recorded Plat, including the addition of other nearby lands owned by Declarant, such actions potentially altering the membership of the Association.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

a. Declarant, its successors and assigns, shall have the right, without the consent of the Association, to bring within the plan of development and operation of this Declaration, additional properties in fixture stages of the development. The additions authorized under this and the succeeding subsections shall be made by either deeding such additional property subject to this Declaration by specific reference in individual deeds or by filing a Supplementary Declaration of Restrictive Covenants (hereinafter referred to as the "Supplementary Declaration") with respect to the additional property which shall extend the operation and effect of this Declaration to such additional property; or,

b. Upon approval in writing of the Association pursuant to three-fourths (3/4) of the vote of those present at a duly called meeting, and the written approval of Declarant so long as Declarant owns a Lot or Dwelling, the owner of any property who desires to add it to the plan of this Declaration and to subject it to the jurisdiction of the Association may file or record a Supplementary Declaration with respect to the additional property which shall extend the operation and effect of this Declaration to such additional property. And,

c. The Supplementary Declaration may contain such complementary additions and/or modification of this Declaration as may be necessary or convenient, in the sole judgment of Declarant, if accomplished pursuant to subparagraph (a) above, or the Association, if pursuant to subparagraph (b) above, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modification shall have no effect on the Declaration as it applies to the Property.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Declarant and every person or entity who is a record owner of a fee simple or undivided fee simple interest in any Lot or Dwelling which is subject by this Declaration to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a member of the Association.

Section 2. Name. The Association shall be known as the Carolina Estates Homeowners Association, Inc.

Section 3. Board of Directors. The Association shall be governed by a Board of Directors consisting of three (3), five (5), seven (7), or nine (9) Members who shall be elected by a majority vote of the Members of the Association at a duly called meeting for that purpose unless otherwise provided in the By-Laws. Initially, the Board of Directors shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board of Directors.

Section 4. Purpose.

a. **Generally.** The Association shall have and may exercise any right or privilege given to it expressly in this Declaration or, except to the extent limited by the terms and provisions of this Declaration, given to it by law, and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfill its obligations under this Declaration, including the right to engage necessary labor and acquire use of or purchase necessary property, equipment or facilities; employ personnel necessary to manage affairs of the Association; obtain and pay for legal, accounting and other professional services as may be necessary or desirable; and to perform any function by, through or under contractual arrangements, licenses or other arrangements with any governmental or private entity as may be necessary or desirable.

b. Ownership of Common Property. The Association shall be authorized to own, lease or rent Common Property and improvements necessary or desirable to carry out its functions pursuant to this Declaration.

c. Acceptance of Properties Donated by Declarant. The Association shall be obligated to accept and assume responsibility for maintaining those lands and facilities described in Article VII if and when those properties are conveyed by Declarant to the Association or when the Association purchases said properties.

d. Power to Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge designated percentages of the revenues of the Association as security for loans made to the Association in performing its authorized functions.

e. Property Maintenance. The Association shall provide for the care, operation, management maintenance, repair and replacement of all Common Property.

f. Security. The Association may provide security and fire protection within the Property and provide and maintain a fire and watch system which may include periodic fire prevention inspections and equipment certifications, cable, microwave, telephone or radio based fire monitoring and television security electronics which do not unreasonably offend the privacy of the Owners, Declarant or their residents, guests, employees or invitees.

g. Enforcement of Declaration. The Association and/or Declarant shall have authority to proceed at law or in equity to compel a compliance with or to prevent the violation or breach of any of the Declaration herein. They shall also have authority, whenever there shall have been built on any Lot or Dwelling any structure which is in violation of this Declaration, to enter upon the Lot or Dwelling where such violation exists and summarily abate or remove the same at the expense of the Owner thereof, and any such entry and abatement or removal shall not be deemed a trespass.

h. Insurance. In order to protect the financial integrity of the Association so that it may carry out its purposes, the Association shall in its name keep in full force and effect at all times at least the following insurance coverage: i) casualty insurance with respect to all Common Property including all improvements thereon, insuring such facilities for the full replacement value thereof, including coverage for fire and extended coverage, vandalism, malicious mischief and acts of God; and ii)

broad form comprehensive liability insurance coverage, covering both public liability and automobile (if needed), with limits which the Board, in its sole discretion, may provide. All insurance may contain such deductible provisions as good business practice may dictate. The proceeds of all casualty insurance shall be applied to the repair or replacement of the damaged or destroyed land, improvements or vegetation. The proceeds of all liability insurance shall be applied to satisfy the liability. All insurance shall name Declarant as an additional insured and shall, to the extent reasonably possible, cover each Owner with respect to Common Property without each Owner being specifically named.

i. Reconstruction. In the event that any structures maintained on Common Property are damaged or destroyed by fire, act of God or other casualty other than war, the Association shall have the affirmative duty to repair or rebuild such structure or improvement or to clear such structure from the Common Property and to landscape the Common Property so as to render it attractive.

j. Insect, Reptile and Woods Fire Control. To implement effective insect, reptile and woods fire control, the Association or its agents have the right to enter upon any Lot or Dwelling for the purposes of mowing, removing, clearing, cuffing or pruning underbrush, weeds or other growth, removing trash or dispensing pesticides.

k. Assessments. The Association shall be authorized to collect assessments and fees as prescribed in Article VIII of this Declaration.

l. Taxes. The Association shall pay ad valorem real estate taxes, special improvement and other assessments, ad valorem personal property taxes and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with, any Common Property owned by the Association.

m. Transfer of Common Property. Subject to all other terms and provisions contained in this Declaration with respect to Common Property held by the Association, the Association shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any Common Property and personal property owned by the Association.

n. Charges for Use of Facilities. The Association may establish charges for use of Common Property to assist the Association in offsetting the costs and expenses of the Association attributable to the Common Property. All charges

established shall be reasonable and shall be uniformly applied, except such charges may differentiate among Owners of Lots, Owners of Dwellings, lessees or guests. Each Owner, lessee and guest shall be obligated to and shall pay any such reasonable charges for their use of Common Property.

o. Architectural Review. The Association shall be authorized to establish and operate architectural review as hereinafter provided and subject to the authority of the Declarant.

p. Obligation of Association. The Association shall not be obligated to carry out or offer any of the functions and services specified or implied in this Declaration. The functions and services specified or implied to be carried out by the Association at any particular time shall be determined by the Board of Directors taking into consideration the funds available to the Association and the needs of the Members. Special Assessments shall be submitted for Referendum as herein provided. The functions and services which the Association is authorized to provide may be added or reduced at any time upon the affirmative vote of fifty-one (51%) percent or more of those voting in a Referendum conducted by the Board of Directors under the same procedure as for a special assessment.

Section 5. Voting Rights. A member shall be entitled to one (1) vote for each Lot or Dwelling in which he holds the interest required for membership by Section 1. When more than one person holds such interest or interests in any Lot or Dwelling all such persons shall be members, and the vote for such Lot or Dwelling shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot or Dwelling. When one or more co-Owners sign a proxy or purports to vote for his or her co-Owners, such vote shall be counted unless one or more of the other co-Owners is present and objects to such vote, or if not present, submits a proxy or objects in a writing delivered to the Secretary of the Association before the vote is counted. If co-Owners disagree as to the vote, the vote shall be split equally among the co-Owners.

Section 6. By-Laws. The Board of Directors shall adopt such reasonable By-Laws for the conduct of the business of the Association as shall be approved at the initial organizational meeting of the Association by three-fourths (3/4) majority of the membership voting at such meeting.

Section 7. Incorporation. The Association by majority vote of its membership can at any time elect to incorporate itself under the Corporation Laws of the State of South Carolina.

ARTICLE V
DECLARATION

Section 1. Residential Use. No Lot or Dwelling shall be used for any other purpose than as a single family residence. Only one residence may be placed upon any single Lot in the subdivision. No trade or business of any kind or character, nor the practice of any profession, nor any building or structure designed or intended for any purpose connected with any trade, business or profession which creates an unsightly condition, nuisance, smells, odors, noises, trash heaps, promotes immoral purposes, which causes traffic flow or which actually solicits business to the Lot or Dwelling, nor any Lot or Dwelling sign relating to the practice of business, trade or profession shall be permitted upon any of the Property.

Section 2. Since the Establishment of standard inflexible building setback lines for location of houses on Lots or Dwellings tend to force construction of houses both directly behind and directly to the side of other homes with detrimental effects on privacy, preservation of important trees, etc., no specific setback lines are established by these covenants. In order to assure, however, that location of houses will be staggered where practical and appropriate; so that the maximum amount of view and breeze will be available to each house; that the structures will be located with regard to the ecological constraints and topography of each individual Lot or Dwelling, taking into consideration the elevation of each Lot or Dwelling, the location of large trees and similar considerations, the Declarant reserves unto itself, its Successors and assigns, the right to control absolutely and solely to decide the precise site and location of any house or dwelling or other structure upon all Lots or Dwellings. Such location shall be determined only after reasonable opportunity is afforded the Lot or Dwelling Owner to recommend a specific site, and provided further, that in the event an agreed location is stipulated in writing in the contract of purchase, the Declarant shall approve automatically such location for a residence.

Section 3. Temporary Buildings. No structure of a temporary character, such as a basement, tent, shack, garage, barn, mobile home or trailer, tree house or other out buildings shall be placed on any Lot or Dwelling at any time, either temporarily or permanently; provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of the man residence, it being clearly understood that these latter structures may not, at anytime, be used as a residence or permitted to remain on the Lot or Dwelling after completion of the construction.

Section 4. Subdivision of Lot or Dwelling. No Lot or Dwelling shall be resubdivided into smaller Lots or Dwellings. However, allowance is hereby made for such reduction in size of the Lot or Dwelling as might occur by minor variation from street improvements and the final, or, on-the-spot surveys of said Lot or Dwelling, and further provided that nothing herein contained shall preclude resubdivision of a Lot or Dwelling which makes the adjacent, contiguous Lot(s) or Dwelling(s) into larger Lot(s) or Dwelling(s).

Section 5. Animals. No domestic animals, livestock, live fowl, horses, goats or swine of any type shall be kept or housed on the Property except household pets, and no animals of any type shall be bred or raised for sale. Household pets must be restricted to the pet owners' home or Lot unless the pet is on a leash or under voice control of the pet owner.

Section 6. Nuisances. No noxious or offensive activity shall be carried on upon any Lot or Dwelling, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or anything of any sort whose activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the other property in the neighborhood by the Owners thereof. Likewise, there shall not be maintained any bicycles or boats on any Lot or Dwelling outside an enclosed structure. In any event, no boat or other vessel in excess of eighteen (18') feet overall shall be kept or stored on any residential Lot or Dwelling and boats eighteen (18') feet or less shall be screened in such a way that they are not visible from the street or from any other residential Lot or Dwelling. No recreational or other vehicles larger than a standard pickup truck or van will be allowed to park overnight on any residential Lot or Dwelling. Further, such vehicles may only be brought on a residential Lot or Dwelling for the purposes of unloading or loading and must be removed from the Lot or Dwelling as soon as such task is completed. No trash, rubbish, debris, junk, stored materials, wrecked or inoperable automobiles or similar unsightly items shall be allowed to remain on any Lot or Dwelling outside an enclosed structure; however, the foregoing shall not be construed to prohibit the temporary deposits of trash, rubbish and debris for pick-up by governmental or similar garbage and trash removal service units. In the event that the Owner of any Lot or Dwelling fails or refuses to keep such Property free from any weeds, underbrush or other unsightly growth and items listed above, then the Association or Declarant may enter upon such Lot or Dwelling five (5) days after posting a notice thereon, requesting the Owner of such Lot or Dwelling to observe this paragraph and upon such entry may remove all unsightly items or growth at the Owner's expense. No such entry shall be deemed a trespass. Such a notice shall be sufficient if it states in substance: "Please remove this unsightly item or growth (with a description given) within five (5) days or the Association (or Declarant as the case may be) or any agent of either shall do so at your expense. You are violating the Declaration applicable to this Lot or Dwelling."

Section 7. Storage Receptacles. No fuel tanks or similar storage receptacles may be exposed to new, and may be installed only within the main dwelling house, within an accessory building, within a screened area, or buried underground.

Section 8. Excavation. No Owner shall excavate or extract earth from his Lot or Dwelling for any business purpose. No elevation changes shall be permitted which materially affect the surface grade level of surrounding Lot or Dwelling.

Section 9. Easements.

a. A ten (10') foot-wide easement for the installment and maintenance of utilities and drainage is hereby reserved over and along all Lot or Dwelling lines provided, however, nothing herein contained shall be construed to prevent the use as one building site two or more adjoining and contiguous Lots or Dwellings; and in the event two or more adjoining and contiguous Lots or Dwellings are used as one building site, then the easements reserved herein shall be reserved over the side Lot or Dwelling lines and the rear and front Lot or Dwelling lines of the entire Lot or Dwelling formed by the joining of such adjacent, contiguous Lot or Dwelling in one ownership and use.

Section 10. Right of Entry. In order to implement effective insect, reptile and woods fire control, the Association or Declarant shall have the right to enter upon any Lot on which a residence has not been constructed and upon which no landscaping has been implemented, such entry to be made with personnel with tractors or other suitable devices, for the purpose of mowing, removing, clearing, cutting or priming underbrush, weeds or other unsightly growth, which in the opinion of the Association or Declarant detracts from the overall beauty, setting and safety of the subdivision. Such entrance shall not be deemed to be a trespass. The provisions of this paragraph shall not be construed as an obligation on the part of the Association or Declarant to do any of the acts set forth herein. All costs incurred by Declarant in connection with this Section are to be borne by the Owner.

Section 11. Hunting and Fishing. No hunting of any kind will be permitted on the Property. Fishing will be allowed in accordance with rules to be established by the Association.

Section 12. Use of Common Property Limited. The Association shall establish such other reasonable rules as may be necessary or desirable to regulate the permissible uses of the Common Property for the enjoyment and safety of the Owners.

Section 13. Architectural Standards and Plans Approval.

a. No building, fence, wall or other structure shall be erected, placed or altered on any Lot or Dwelling until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking area) and construction schedule shall have been approved in writing by the Declarant or its assigns. Refusal of approval of plans, locations or specifications may be based upon any reasonable ground which is consistent with the objectives of this Declaration, including, but not limited to: aesthetic considerations; the harmony and scale, bulk, coverage, function and density of use of exposed structure; the effect of the structure or plans on neighboring

properties; the view of the structure or Property from public or private roads, the placement of buffer zones, fences, shrubbery, trees, vegetation, berm and parking spaces; and the desirability of preserving significant trees or other unique vegetation. The architectural review process shall not be conducted in an arbitrary and capricious fashion by, for example, applying substantially different standards than those typically applied to submissions during the same period of time; nonetheless, any approval of a plan which, when built, is not considered desirable for future construction shall not be considered as a precedent requiring approval of similar plans on subsequent submissions. No alterations to the exterior appearance of a building or structure shall be made without like approval. One (1) copy of all plans and related data shall be furnished Declarant or its assigns for its records.

b. No plans shall be approved unless the proposed residence shall have a minimum square footage of 1,450 square feet enclosed dwelling area, exclusive of open porches and garages, boat sheds, terraces, decks, but including screen porches if the roof of such porch forms an integral part of the roof line of the main dwelling or if on the ground floor of a two-story structure. If a two-story structure, the ground floor shall contain a minimum of 1,000 square feet of enclosed dwelling space. The home must also include a minimum of a one car enclosed garage with a garage door.

c. No plans shall be approved which does not provide for off the street parking space for two (2) automobiles.

d. All fencing erected on Lots or Dwellings exposed to view shall not exceed four (4') feet in height and shall first be approved by Declarant or its assigns.

e. If Declarant or its assigns shall fail to approve or disapprove the plans and specifications within thirty (30) days after receipt of a written request therefor, then such approval shall not be required; provided, however, that no building, fence or other structure shall be erected which violates any of the covenants herein contained.

f. The exterior of all homes and other structures must be completed within nine (9) months after the date of the construction of the same shall have been commenced, except where such construction completion is impossible or would result in hardship to the Owner or builder due to strikes, fires, national emergency or natural calamity, in which event the time may be extended by Declarant or its assigns.

Section 14. Transfer of Architectural Review and Plans Approval. Upon the sale of greater than fifty (50%) percent of the Lots or Dwellings, Declarant may, by filing a supplementary

declaration of Declaration with the Office of the Register of Deeds for Beaufort County, South Carolina, transfer the above described architectural review and plans approval authority to a permanent Review Board which, subject to the covenants and conditions stated with the aforesaid supplementary declaration, shall be under the control of the Association.

ARTICLE VI
THE COMMON PROPERTY

Section 1. The Common Property. The Common Property shall mean and refer to those areas of land with any improvements thereon which are deeded or leased to the Association and designated in said deed as "Common Property." Common Property also include other properties, though not designated as such, which are acquired by the Association pursuant to its authority under this Declaration. Common Property include personalty as well as realty. All Common Property are to be devoted to and intended for the common use and enjoyment of the Owners, their tenants, guests and invitees, at uniform fees, charges and assessments established herein as may be modified from time to time by the Association. The designation and dedication of land or improvements as Common Property shall not mean or imply that the public at large or Owners, their tenants, guests and invitees acquire an easement of use or enjoyment herein except at such fees, and under such rules and regulations for operation as may be established from time to time by the Association.

Section 2. Members Easements of Enjoyment. Subject to the provisions of this Declaration and the rules and regulations of the Association, every Member shall have a right and easement of enjoyment in and to the Common Property and such easement shall be appurtenant to and shall pass with the title of every Lot or Dwelling.

Section 3. Extent of Members Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- a. The right of Declarant and of the Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Property and in aid thereof to mortgage said properties;
- b. The right of the Association to take such steps as are reasonably necessary to protect the Common Property against foreclosure;
- c. The right of the Association to suspend the enjoyment of rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment;

however, nothing contained herein shall deprive any Owner of ingress and egress from a public road to his Lot or Dwelling.

d. The right of the Association to charge reasonable admission and other fees for the use of the Common Property and/or facilities therein;

e. The right of Declarant to dedicate or transfer to any public or private utility, utility easements on any part of the Common Property;

f. The right of the Association to give or sell all or any part of the Common Property including leasehold interest to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be agreed upon by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such dedications, transfer and determination as to the purposes and conditions shall be authorized by the vote of two-thirds (2/3) of the vote at a duly called meeting and unless written notice of the proposed agreement and action thereunder is sent to every Member at least thirty (30) days in advance of any action taken. A true copy of such resolution together with a certificate of the result of the vote taken thereon shall be made and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Property prior to the recording thereof. Such certificate shall be conclusive evidence of authorization by the membership.

g. The right and easements of enjoyment in the Common Property shall be limited to the Members and their spouses and children permanently residing with the Members.

Section 4. Title to Common Property.

Declarant hereby transfers title to the common Property to the Association to maintain the same for their use

Willet Kelly
Beth Kelly

Said Common Property shall be conveyed subject to all declarations, covenants, restrictions, and easements recorded in the Office of the Register of Deeds for Beaufort County, South Carolina and to any mortgage given by Declarant for the construction or improvements thereon, provided, however, Declarant shall be obligated for repayment of the debt secured by such mortgage.

ARTICLE VII
ASSESSMENTS AND LIEN

Section 1. Creation of Lien and Personal Obligations of Assessments. Each Owner of any Lot or Dwelling, whether or not it shall be so expressed in any such deed or other conveyance, agrees to all terms and provisions of this Declaration and to pay the Association: (1) Annual assessments or charges; and, (2) Special Assessments or charges for the purposes set forth in this Article such assessments to be fixed, established and collected from time to time as hereinafter provided.

The annual and special assessments together with such interest thereon and costs of collection therefor as hereinafter provided shall be a charge and continuing lien on the Lot or Dwelling and improvements thereon against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot or Dwelling at the time when the assessment first became due and payable. In the case of co-Ownership of a Lot or Dwelling, all of such co-Owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the improvement, maintenance and operation of the Common Property, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

The special assessments shall be used for the purposes set forth in Section 4 of this Article.

Section 3. Basis and Maximum of Annual Assessments. Until the year beginning ~~the~~ the annual assessments shall not be more than [One Hundred and No/100 (\$100.00)] dollars per year per Lot or Dwelling unless a higher annual assessments is approved by two-thirds (2/3) of the vote at the annual meeting. From after January ~~the~~ the annual assessment may be increased each year by five (5%) percent of the maximum authorized assessment for the preceding year unless two-thirds (2/3) of the vote at the annual meeting votes against said increase or votes to increase said annual assessment by a greater amount.

The Board of Directors of the Association may, after considering current maintenance costs and future needs of the Association, fix the annual assessment for any year at a lesser amount, but such action shall not constitute a waiver by the Association of its right to revert to the full

assessment for the remaining year or years of the then current period fixed as provided in the preceding paragraph.

Section 4. Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Property, including the necessary fixtures and personal property related thereto or addition to the Common Property, provided that any such assessment shall have the assent of two-thirds (2/3) of the vote at a duly called meeting, written notice of which shall be sent to all Members at least thirty (30) days in advance and set forth the purpose of the meeting.

Section 5. Change in Basis and Maximum of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate.

Section 6. Quorum for any Action Authorized. The presence at the meeting of Members or of proxies entitled to cast thirty (30%) percent of the total vote of the membership shall constitute a quorum. If the required quorum is not forthcoming at a meeting, another meeting may be called, subject to the notice requirement set forth in Section 4.

Section 7. Date of Commencement of Annual Assessment. The annual assessments provided for herein shall commence on the date (which shall be the first day of the month) fixed by the Board of Directors to be the date of commencement. The first annual assessments shall be made for the balance of the calendar year shall become due and payable on the day fixed for commencement. The assessments for any year, after the first year, shall become due and payable the first day of January of the said year.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall keep a roster of the properties and assessments in the offices of the Association and shall be open to inspection by any Owner.

Written notice of any assessment shall thereupon be sent to every Owner subject thereto.

The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment. If the assessments are not paid on the date when due (being the dates specified in Section 7 hereof), then such assessment shall become delinquent

and lesser of fourteen (14%) percent per annum or the highest rate not prohibited by law from the date due and the costs of collection thereof as hereinafter provided, t hereupon become a charge and continuing lien on the Lot or Dwelling against which each such assessment is made in the hands of the then Owner, his heirs, divests, personal representatives and assigns. The personal obligation of the Owner at the time of the assessment to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass as a personal obligation to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot or Dwelling and proceed to sell it at foreclosure sale as is provided under the laws of the State of South Carolina for foreclosure of mortgages, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and, in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorneys' fee to be fixed by the Court together with the costs of the action.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessment provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Lot or Dwelling subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such Lot or Dwelling pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such Lot or Dwelling from liability for any assessments accruing after conveyance by a mortgagee/Owner to a subsequent purchaser.

Section 11. Exempt Property. The following property, individuals, partnership or corporations subject to this Declaration, shall be exempt from the assessments, charges and liens created herein:

- a. The grantee of property over which said grantee holds a utility easement;
- b. All properties to the extent of any easement therein other than an easement which does not adversely affect the Owner's use of the property;
- c. All Common Property;
- d. All properties exempted from taxation by the laws of the State of South Carolina, upon the terms and to the extent of such legal exemptions;
- e. Lots or Dwellings owned by Declarant except those Lots or Dwellings which have been sold under title retention contract in which the purchaser agrees to pay the assessments, charges and liens.

ARTICLE VIII
ENFORCEMENT

Section 1. Remedies. In addition to any other remedy for breach of a restrictive covenant provided hereinabove by any person claiming by, through, or under Declarant, Declarant, the Association and/or any Owner, or any of them jointly, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent the violation or breach of any of them. In addition to the foregoing rights, the Association and/or Declarant shall have the right, whenever there shall have been built on any Lot or Dwelling any structure which is in violation of these restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the Owner, and any such entry and abatement or removal shall not be deemed to trespass. The failure promptly to enforce any of the provisions of this Declaration shall not bar their enforcement.

Section 2. Costs and Expenses of Enforcement. Should an Owner fail, neglect or refuse to satisfy and discharge any obligation arising under this Declaration, and in the event that it becomes necessary for the Association or Declarant, to take legal action for the enforcement of such obligations, the Association or Declarant, as the case may be, shall be entitled to receive from the Owner all costs and expenses of enforcement thereof, including without limitation a reasonable attorneys' fee, and such costs and expenses shall be charged and continuing lien against the Lot or Dwelling charged with the breach or violation, which said lien may be foreclosed in the manner contemplated by Section 9 of Article VIII hereinabove.

Section 3. No Obligation. Nothing contained herein shall be deemed or interpreted to require the Association or Declarant to take action to enforce this Declaration.

ARTICLE IX
DURATION OF AMENDMENT

Section 1. Duration. This Declaration are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of twenty-five (25) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods often (10) years unless an instrument signed by the Owners of a two-thirds (2/3) majority of the Lots or Dwellings has been recorded, agreeing to change the said Declaration in whole or in part.

Section 2. Modification. Upon prior reasonable notice to all Lot Dwelling Owners, this Declaration may be amended, in whole or in part, at any time prior to termination of the initial period, or any extension thereof, by an instrument signed by the Owners of two-thirds (2/3) of the Lots or Dwellings, duly recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, setting forth the agreed charges. Notwithstanding the provisions of this Section 2, no

modification will be valid unless first approved in writing by Declarant so long as Declarant owns a Lot or Dwelling.

ARTICLE X
INTERPRETATION AND CONSTRUCTION

Section 1. Severability. Should any covenant or restriction herein contained, or any part, article, section, paragraph, subparagraph, sentence, clause, phrase or term in this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of the highest court or other tribunal of jurisdiction which considers such matter, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable.

Section 2. Interpretation. In all cases, the provisions of this Declaration shall be given that reasonable interpretation of reasonable construction which will best effect consummation of the general plan of land use restrictions and affirmative obligations of the Property and which will carry out the intent of Declarant as expressed in the recitals of this Declaration. The provisions of this Declaration shall be given the force and effect notwithstanding the existence of any zoning ordinance which allows a less restricted use of the Property.

Section 3. Gender. Tense and Number. When necessary for proper construction, the masculine form of any word used in this Declaration shall include the feminine or neuter gender, and the singular, the plural and vice versa, and words used in the present tense shall include the future tense.

Section 4. No Waiver. Failure to enforce any provision of this Declaration shall not operate as a waiver of any such provision or of any other provisions of this Declaration.

Section 5. Cautions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

Section 6. No Implied Liabilities or Duties. Any rules or regulations established by the Association pursuant to this Declaration shall not expressly or impliedly create any duty of care to any Property Owner.

2306

EXHIBIT "A"

2307

EXHIBIT "B"

Roller
FILED *2714*
JOHN A. SULLIVAN, JR.
P.M.C.
GEORGETOWN COUNTY, S.C.

CO JUL 26 PM 4:14

SR *13/6* PG *2286*
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